

PUBLIC EMPLOYEES' RETIREMENT FUND INDIANA

MEMBER UPDATE SEPTEMBER 2001

MESSAGE FROM THE EXECUTIVE DIRECTOR

E. WILLIAM BUTLER



[T]he Board of Trustees decided to move forward with a plan that will add staff in various areas of the Fund to enhance member and employer services and communications.

About the only thing that seems to stay the same around PERF is the fact that everything is changing. I have mentioned the idea of change at the Fund in the last several newsletters and I will do so again in this message. We hope you have noticed some of the recent changes.

In the last newsletter, we summarized the Fund's annual report. With a great deal of financial and investment information, this report is intended to present an account of the activities of the Fund for the year. What is perhaps more interesting is the discussion in the front section which talks about the direction the Fund is heading and what the plans are for the future. In addition, significant matters and events are mentioned here. We will continue to refine our report and the summary we send you.

I would like to quickly mention some of our projects. You will find more about them in this newsletter. During the early part of the summer, we spent a good deal of time meeting with some of our more than 1,300 employers. The discussions were wide ranging and intended to explore ways to increase the service levels rendered to our members. I'm pleased to tell you that the employers we met with were unanimous in their feeling that the Fund and the employers should work together to achieve this goal. To that end, we are bringing together a group of employers that will work with us to develop better service.

At a recent meeting, the Board of Trustees decided to move forward with a plan that will add staff in various areas of the Fund to enhance member and services and communications. Most of these new staff members will be placed in 2 very important areas; benefits operations, where retirements are processed and day-to-day member contact occurs and in our new outreach department, which will focus on our relations with both the members and the employers. We are looking for the best-qualified people to fill these spots and hope to have many of them in place within the next 6 to 10 months.

Lastly, earlier this year, there was a significant amount of legislative activity that would have had an effect on the Fund. Although not all the proposals became law, several important pieces of new legislation were signed by the Governor and became effective last July 1st and others will become effective in January 2002. Many of those new laws are detailed in this newsletter.

We have noticed that the number of pension related bills seems to be increasing with each new legislative session. It is important, therefore, that part of our outreach effort will be to keep you informed of pension legislation being considered in the legislature. Look for legislative reports in this newsletter as well as a constantly updated report on our web site.

In closing, I want to invite you, again, to contact us and let us hear your concerns and know your ideas.

TECHNOLOGY UPDATE

With change happening so rapidly at PERF, it is easy to get lost in the complex detail that goes along with changing to a new computer system. Since the first of this year, PERF has been busy with several technology projects. We have just begun to solicit the assistance of employers to assist in the development of these initiatives. The four primary projects we are focusing on will greatly change how members and employers will interact with the Fund, and all work to address one key issue – *timely access to up-to-date member information*.

- ***SIRIS – State of Indiana Retirement Information System***
- ***Backfile Conversion***
- ***Electronic Employer Reporting***
- ***Data “Clean-up”***

SIRIS

As we have told you in previous newsletters, ***SIRIS*** is replacing our mainframe legacy system. The new system is designed to automate certain functions handled by PERF staff. It will house all member demographic and financial data, as well as process and pay benefits to our retirees.

SIRIS is being designed to improve the efficiency of our business practices. It is also the first step in making information available via the Internet for members and employers, similar to that of an on-line banking system.

ADVANTAGES

Among other things, SIRIS allows PERF staff to move member requests electronically through the Fund, rather than passing paper between departments. This allows staff to track a member's request and minimizes delays in getting it from one department to another.

There are several other advantages that correlate to the success of the other three projects and will determine how effective the new system can ultimately become.

Phase one of the SIRIS project, which contains the member demographic information, went on-line on April 2, 2001. Phase two, which contains our benefits information, is scheduled to go on-line in March 2002.

BACKFILE CONVERSION

Backfile conversion is a process of taking decades of paper documents and scanning them into electronic images that can be viewed by PERF staff on a personal computer.

PERF currently stores several million member and employer documents in our offices at 143 West Market Street. With approximately 250,000 active and retired members, that number is growing rapidly. New documents that arrive at PERF are being scanned into the system by our new scanning department.

ADVANTAGES

This allows member documents to be literally “at the push of a button” for our staff when a member requests service from the Fund. It not only provides staff with quicker access to documents, but also allows for multiple people to view the same document at the same time.

Once documents are imaged into the system, processing benefits will become less cumbersome than dealing with large volumes of paper that can be collected over a member's career in a PERF covered position.

The backfile conversion project has been up and running since April 2nd of this year and is planned for completion around July 2002.

Instead of trying to explain the technical aspects of these projects in great detail, we would simply like to introduce you to them and show you some of the advantages they will bring to improving service and access to PERF data.

Based on what we've heard from members and employers, we feel this is the right direction to take in sharing information and making things better for our members. However, there is a tremendous amount of detail in making these endeavors successful. It will take time and a great deal of effort, but is a great investment.

Now our most important technological goal is bringing you and the employers into the process. We hope that these periodic updates will help you understand where we are trying to harness technology to improve services.

ELECTRONIC EMPLOYER REPORTING

Electronic Employer Reporting is a process of providing a way for employers to transmit member data electronically.

This will allow employers the ability to report and transmit quarterly contributions and creditable service information to PERF in a variety of electronic formats, rather than manually on paper.

ADVANTAGES

Electronic reporting will standardize the method in which employers report to PERF, speed up the process of posting information on the system and work to eliminate any human errors that can result in manually entering information into the system.

Ultimately, if PERF is to provide a means for employers and members to access their account information via the Internet, electronic reporting will become essential to making that information accurate and timely.

As this project is just getting underway, PERF will be contacting employers over the next several months explaining this new opportunity and how they can participate.

DATA "CLEAN-UP"

Data clean-up is a process of looking at our current information in its various forms and determining where there are missing pieces of information, such as a missing hire date, incorrect address, or a missing beneficiary.

Deficient information is the most common cause of delays in processing member requests. Where a deficiency is found in our information, we will require the assistance of the employers in locating that missing member information.

ADVANTAGES

Once data is brought completely up-to-date, processing benefits and refund applications will occur much faster and work to eliminate the waiting period between when a member leaves employment and begins receiving their PERF benefits. It will also minimize the number of requests PERF makes to employers for service verification.

We intend to work with employers in capturing all pertinent member information *before* it is required to process an application.

The first phase of this project has been underway for one year and is scheduled for completion during the last quarter of 2002. Data clean-up will be an on-going process beyond 2002, but if done correctly, will create a much smoother transmission of information between PERF and employers and greatly enhance service.

IMPORTANT REMINDERS

Keep Address Current

An essential piece of our ability to provide efficient customer service is having a current address for our members. Please remember to contact us when your address changes. After 60-90 days, the post office will no longer forward mail to your new address. Consequently, benefit checks or 1099 forms could be lost in the mail, you will no longer receive quarterly statements of your Annuity Savings Account and updates of developments within the Fund that benefit you as a member unless you complete a Change of Address form with our office. They can be easily obtained via the PERF website, your human resources department, or directly from our office and will greatly help avoid unneeded delays in vital information being sent to you.

Direct Deposit

A common problem we face today is retirement checks arriving late to your home, or being lost in the mail altogether. This is a problem with a simple solution—*Direct Deposit*. Every month, your retirement benefits under PERF could be deposited into the account of your choice for immediate use on the 15th of each month. If your benefit check becomes lost in the mail, it can be a 2-3 week process to replace it. Direct deposit is a reliable and consistent means of receiving your PERF benefit in a timely and accurate fashion. We strongly encourage all our retired members to utilize this valuable service.

13th Check Coming in November

As you read in the Legislative Update, the state legislature approved the payment of a 13th Check, payable to retired, disabled or survivors on November 1, 2001. The 13th Check is a one-time payment made to those members receiving benefits as of **July 2, 2000** and eligible to receive retirement, survivor or and/or disability benefits from the Fund as of October 1, 2001.

Changing positions within PERF-covered Employment

It is important to complete a new PERF Membership Application if you take a new position that is covered under the Fund—even if you don't change employers. At the time you choose to retire or take a refund, we will have to verify your service down to the exact day for each position you have held that is covered by PERF. If our staff has record of the dates you have left one PERF position and when you began another, we will be able to process your application for benefits or a refund much faster. It is important to take a few moments with your employer to perform this simple task, which will go a long way to improving the service you require from the Fund.

Tax Withholding on PERF Benefits

Members often realize as tax time approaches that the withholding level on their benefit check is incorrect. Too little taken out can trigger quarterly estimated payments. Too much withholding can needlessly cut into monthly budgets. Remember that you may change the withholding amounts on your benefit checks at any time. These withholding amounts are found on the monthly statement that comes with the benefit check.

If you are confused as to the appropriate withholding amount, you should contact your tax specialist or call the IRS at 1-800-829-1040. For information on Indiana tax withholding call 1-317-233-4016 or 1-317-232-2240. Please take the time to review your tax withholding. A timely change may save you from future aggravation and problems.

Verifying Missing Service

There are times when PERF is missing valuable service data simply as a result of missing a piece of documentation. When you find that the Fund is missing a period of service for you, please submit those requests in writing with the approximate time period involved and the employer you worked for at the time. This will help us and the employer when we investigate the claim and verify the service in question and will allow us to respond much more effectively when you require service from the Fund in the future.

PUBLIC EMPLOYEES' RETIREMENT FUND INDIANA

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BENEFITS ADMINISTRATION REORGANIZES

The Benefits Administration Division of PERF has reorganized to serve you better. Now we know that's what everyone says whenever they reorganize a company or government agency, but we hope that in this case it will be true. Not only have we reorganized, but we are also adding staff in critical areas to provide better service and faster response times. Naturally adding and training new staff will take some time so we hope you will be patient as all of these changes take effect.

When we started using the first business functions of our new SIRIS (State of Indiana Retirement Information System) computer system in March, it quickly became obvious that in order to get the maximum in efficiency from the new system reorganization was definitely called for. We were simply not able to continue assigning work to staff based on the ZIP codes and geographic locations of the employer. Besides which, we had discovered that for many of you, this was confusing. So we have reorganized.

We now have one section entirely devoted to retirement application processing and pre-retirement counseling, one section devoted to active member account maintenance and refund processing, and finally, one section devoted to membership application processing and employer support.

The Fund has witnessed several areas of significant growth in our membership over the past decade. The first wave of baby-boomers is beginning to retire and that trend will continue well into the foreseeable future. We are currently trying to forecast when this growing segment of our membership will require services from the Fund in the coming years, and the steps PERF will have to take to prepare for that need.

Consequently, the Board of Trustees has approved the first phase of a development plan. The first phase of that plan will be adding a few new staff persons in our benefits administration division, as well as other functional areas of the Fund, to help manage the increasing demand for services. We sincerely expect our efforts will result in improved service to our members and their employers.

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IMPORTANT FUND INFORMATION ENCLOSED

ABOUT THIS NEWSLETTER

This newsletter was developed for the exclusive use of the Public Employees' Retirement Fund of Indiana. Every effort has been made to ensure that the information in this newsletter is accurate. If any discrepancy exists between this newsletter and official Fund documents, then the official documents shall apply.